



March 5, 2020

SUMMARY OF ORIGINAL BILL: Increases, from 10 to 15 percent, the amount of qualified voters' signatures required on a petition to call for a referendum regarding implementation of a privilege tax within a Tourism Development Zone.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015726): Deletes all language after the enacting clause. Expands the definition of qualified public use facility (QPUF) and establishes that such facilities receive apportionment of municipal privilege taxes assessed within a Tourism Development Zone (TDZ).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 67-4-3002 through § 67-4-3005:
 - A QPUF is any building, complex, center, or facility meeting certain square footage and investment parameters, acquired by a local government entity;
 - A privilege tax not to exceed 5 percent is levied on business activity conducted within a QPUF;
 - Revenue collected from the privilege tax is deposited into a fund utilized for paying the cost of the QPUF. Remaining revenue is deposited into the local government's general fund;
 - The QPUF receives tax proceeds from such privilege tax as well as a portion of state and local sales taxes collected within the TDZ, pursuant to Tenn. Code Ann. § 7-88-106; and
 - The QPUF receives such taxes until the earlier of (1) the cumulative amount received equals the cost of the QPUF plus interest on indebtedness; (2) the date the QPUF ceases to be a QPUF; or (3) 30 years from the date the QPUF commences operations.

- The proposed language:
 - Expands the definition of QPUF to include: (1) a full-service hotel with at least 250 rooms, retail, commercial, and parking space located within the TDZ; and (2) a mixed-use development which includes a full-service hotel with at least 150 rooms, retail, office, apartment, and other commercial or residential uses within the TDZ;
 - Such new QPUFs would only be eligible to receive revenue from the local privilege tax on business activity conducted within the QPUF;
 - The QPUFs would receive funds for the same length of time as previously authorized QPUFs; and
 - Remaining revenue from collections on the privilege tax is deposited into the local government's general fund.
- The proposed language will result in an increase in local revenue collected from the levy of privilege taxes within new QPUFs and an equal, corresponding increase in expenditures for payment of debt service associated with such QPUFs. The permissive net impact to local government is considered not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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